

Iowans Deserve Sustainable Services, Financial Clarity from Their Government

When I issued my first analysis of Iowa's budgeting process in February 2003, less than two months into my first term as State Auditor, I stressed the need for longer-term planning and urged greater clarity in the budgeting process. Six years later, these two issues continue to facilitate the erosion of Iowa's financial stability. In fact, we can trace our current budget woes to failures to adequately address these two issues.

One of the keys to good budgeting is long-term planning, which comes from long-term thinking. In this respect, State government is no different than any of us as individuals. Individuals make different decisions when we think only of the short-term benefits without considering the long-term consequences. For example, a short-term thinker may buy a big screen plasma TV because of the "easy monthly payment." A long-term thinker considers the future dollars needed to cover all the future monthly payments before buying. State government needs to be a long-term thinker, just as each of us should be.

I am constantly reminded too many elected officials are, regrettably, short-term thinkers. After all, the next election is just around the corner! Elected officials often conclude voters reward short-term results only, so the budgeting process is often developed using that approach. As a result of years of this short-term budget approach, Iowa has created a significant mismatch between ongoing revenues and ongoing expenditures. Year after year, the State has spent more than it collects in taxes and fees.

Iowa's elected officials of both political parties did this primarily by shifting ongoing General Fund expenditures to other funds and accounts where money was available, even though the money had been collected for other purposes. While they did this, they told Iowans all was well by focusing on the General Fund only. This is like someone paying the family's utility bill using a credit card while showing the rest of the family only the check register to demonstrate the checkbook is balanced and all is fine. Unfortunately, this is a band-aid approach that masks the real problem. Sooner or later, the credit cards max out. In Iowa's case, the other funds and accounts we relied on to balance the budget for the past several years will essentially be depleted this year, and the costs we shifted to those other funds and accounts must now go back to the General Fund, or our "checkbook."

Contrary to what some say, the current economic downturn is not the primary cause of the budget crisis Iowa faces today. Rather, the economic downturn simply magnified a budget crisis we faced because of poor budgeting practices. As a result of these poor budgeting practices, we now have far fewer options to deal with the economic downturn and flood recovery efforts.

Looking ahead to the next budget, the Governor and Legislature will need to make some tough decisions in order to deal with this largely self-inflicted budgetary emergency. First, they must re-evaluate how government services are provided to ensure they are provided in the most cost-effective and efficient manner possible. Second, they must become more long-term thinkers by selecting short-term options that support the State's long-term goals. Third, they must focus on Iowa's priorities and the core services only government can provide.

Iowans deserve a government which will provide them with consistent, sustainable services. Iowans also deserve financial clarity from their government—not the distorted presentation of "easy monthly payments" which has been used in the past. These economic times present an opportunity within a challenge—a real opportunity for State government to emerge leaner, smarter and better able to serve Iowans.

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